

**EAST RIVER REALTY COMPANY LLC**  
NINE WEST FIFTY-SEVENTH STREET, NEW YORK, N.Y. 10019-2756 PLAZA 1-1100

June 22, 2006

Michael C. Salmon  
Senior Vice President,  
TRC Companies  
21 Technology Drive  
Irvine, CA 92618

Re: First Avenue Properties  
Transition to the Brownfield Cleanup Program ("BCP")

Dear Mr. Salmon:

Your letter of May 19, 2006 appears to be a continuation of the same tactics reflected in your counsel's letter of April 18, 2006, which stated "because of the additional responsibility and risk to be undertaken by TRC under the BCP..." TRC requests a release from ERRC. This appears to be a deliberate attempt at obfuscation and is merely the same old TRC demand that a release is the price of transitioning into the BCP.

TRC is not undertaking any additional responsibility or risk under the BCP. Indeed, TRC has conceded that DEC is treating all VOC sites as if they were in the BCP. To the extent that TRC might actually incur some incremental costs, ERRC has agreed to indemnify ERRC for those costs. ERRC has consistently maintained that it reserves the right for the benefit of the commutation account, to recover any inappropriate payments made to TRC from that account. As of this date a full evaluation of these payments has not been completed. Accordingly, TRC's continued insistence upon a release is nothing more than a demand that ERRC give up an important contractual right prior to any resolution. In other words, TRC's persistent conduct continues to frustrate the ESC's intent and, in any event, violates the implied covenant of good faith and fair dealing. Further, it is causing ERRC to lose significant financial benefits, which TRC will be held responsible if this matter is not resolved.

We demand that TRC stop this inappropriate conduct and get on with the transition. Please acknowledge that TRC has withdrawn its demand for a release for its past conduct, and will execute a BCA upon the other agreed upon terms set forth in the exchange to correspondence between our respective counsel by the close of business on June 30, 2006.

Sincerely,

EAST RIVER REALTY COMPANY, LLC

By: Solow East River Development Company,  
LLC Managing Member

By:

Name: Sheldon H. Solow  
Title: Managing Member

cc: Richard Ben-Veniste, Esq.  
Joseph Boren, Chairman & CEO of AIG  
Charles McTiernan, Jr. Esq.  
Dan Riesel, Esq.